



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 1, 2004

### **H.R. 4606** **Southern California Groundwater Remediation Act**

*As ordered reported by the House Committee on Resources on July 14, 2004*

#### **SUMMARY**

H.R. 4606 would establish an interest-bearing account in the Treasury called the Southern California Basins Groundwater Remediation Fund and would authorize the appropriation of such sums as is necessary to be deposited into the fund. The bill would authorize the Bureau of Reclamation to use the fund to provide grants to the local water authority for groundwater cleanup projects in the Santa Ana River watershed in California. H.R. 4606 would authorize the bureau to pay up to 65 percent of the cost of the groundwater cleanup projects. The bureau, however, would not have the authority to obligate money for a project until the nonfederal share of the costs (35 percent) is either deposited into the account or credited to the account as an in-kind contribution.

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 4606 would cost \$39 million over the 2005-2009 period and an additional \$46 million after that period. In addition, enacting this bill would increase direct spending by less than \$500,000 annually over the 2005-2006 period and by about \$1 million annually over the 2007-2014 period. (Enacting the bill would not affect federal revenues.)

H.R. 4606 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4606 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	10	10	10	10	10
Estimated Outlays	3	7	9	10	10
<b>CHANGES IN DIRECT SPENDING</b>					
Estimated Authorization Level	*	*	1	1	1
Estimated Outlays	*	*	1	1	1

NOTE: \* = less than \$500,000.

## BASIS OF ESTIMATE

### Spending Subject to Appropriation

For this estimate, CBO assumes that H.R. 4606 will be enacted near the start of fiscal year 2005 and that the necessary funds will be appropriated to the Southern California Basins Groundwater Remediation Fund in equal amounts over the 2005-2009 period.

H.R. 4606 would authorize appropriation of the necessary amounts to the Southern California Basins Groundwater Remediation Fund. For this estimate, CBO assumes that the federal funds needed to implement the bill would be similar to the authorization for the San Gabriel Basin Restoration Fund, which is \$85 million (Public Law 106-554) and addresses similar types of water quality projects in a watershed of a similar size. Because the bill would require that the nonfederal cost share be deposited into the fund or in-kind contributions be credited before funds could be obligated, CBO expects that spending on those projects would be somewhat slower than historical federal spending on water projects.

## **Direct Spending**

Under this bill, nonfederal funds equal to 35 percent of the total cost of the project would be required to be either deposited into the account or credited to the account as an in-kind contribution before any funds could be obligated. Any cash deposits would be recorded as offsetting receipts (a form of direct spending). Currently, it is unknown how much of the nonfederal contributions would be cash and how much would be in-kind donations. Any receipt to the fund, however, would be offset by equal amounts of direct spending from the fund over the 2005-2014 period, with no net significant impact in any year.

In addition, the bill would authorize the bureau to spend interest earned on the Southern California Basins Groundwater Remediation Fund. CBO estimates that provision would increase direct spending by less than \$500,000 annually over the 2005-2006 period and about \$1 million annually over the 2007-2014 period.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 4606 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The federal funds authorized by this bill would benefit local governments in California. Any expenditures made by those governments to provide the required matching funds would be made voluntarily.

### **ESTIMATE PREPARED BY:**

Federal Costs: Julie Middleton

Impact on State, Local, and Tribal Governments: Marjorie Miller

Impact on the Private Sector: Karen Raupp

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis